

HOUSE RESEARCH

Bill Summary

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Authors: Davnie and others

Subject: Modifying the definition of income for the property tax refund program

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Modifies the definition of household income used for the property tax refund program (for both homeowners and renters) by excluding that portion of a taxpayer's income set-aside for voluntary retirement programs such as traditional individual retirement accounts (IRAs), SEP and Keogh plans, 401(k)s or deferred compensation, to the extent the contributions are excluded from federal adjusted gross income.

[Background: The definition of household income used for the property tax refund program begins with federal adjusted gross income (FAGI), but then requires the taxpayer to add a number of income sources not included in federal adjusted gross income such as nontaxable social security benefits, worker's compensation benefits, veteran's benefits, etc. This bill strikes the provision requiring contributions to voluntary retirement programs to be added back to FAGI.]